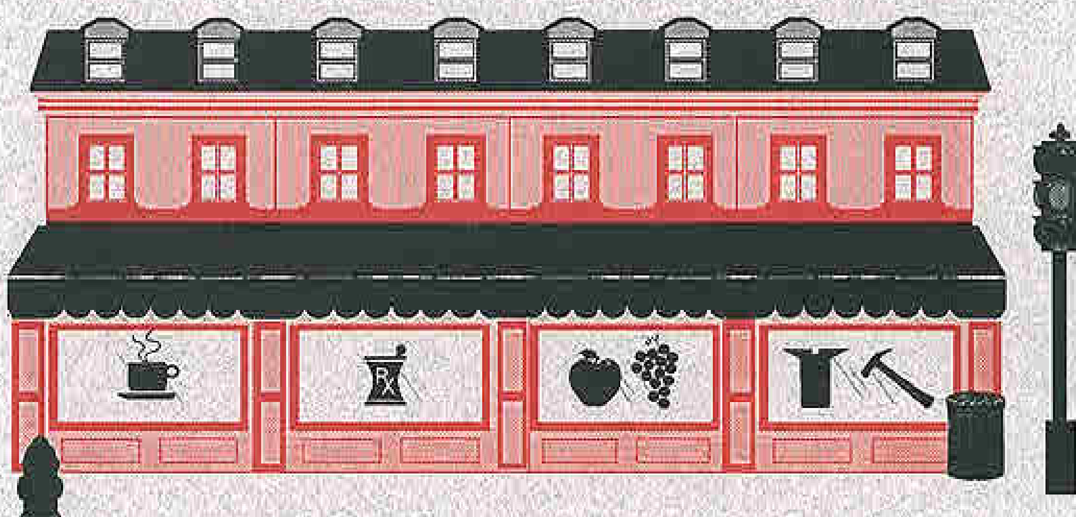
Urban Advantages:

Sustaining Retail Activity In A Modest-Income Neighborhood



Woodstock Institute

Urban Advantages: Sustaining Retail Activity In A Modest-Income Neighborhood

by
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Executive Summary

Over the past 30 years, many low- and moderate-income urban neighborhoods around the country have seen their economies devastated by industrial restructuring and resulting increases in unemployment, the flight of moderate- and middle-income households, redlining, declining retail strips, and property abandonment. Because of these general trends, it is frequently assumed that *all* modest-income neighborhoods have followed the same economic path of declining business activity, fewer jobs, and disinvestment.

While there is no doubt that the economies of older cities continue to be troubled, the notion that the economy of every lower-income urban neighborhood is declining is disingenuous and suggests to some that urban economic revitalization is impossible. In fact, despite great obstacles, there are neighborhoods where revitalization has reached a scale large enough to show up even in rough economic indicators. And while it is important to recognize the problems of low- and moderate-income neighborhoods, it may be just as important to examine the unequivocally positive stories, though they may be relatively scarce.

In a previous report, *Against the Tide*, the Woodstock Institute highlighted a number of low- and moderate-income neighborhoods in Chicago that experienced positive economic changes relative to the city as a whole over the 1980s. The report looked at residential, commercial and industrial investment, jobs, and retail activity, among other indicators. From these data, it was clear that, across any area of activity, a number of low- and moderate-income neighborhoods -- sometimes a substantial number -- held their own during the 1980s. Some even had reversed declines from the previous decade.

Retail Activity in Chicago Neighborhoods During the 1980s

One aspect of the neighborhood economy that is of interest to those concerned with the future of urban neighborhood life is retail activity. As the real incomes of many low- or moderate-income households have declined and large, land-intensive malls and shopping centers have become the dominant retail mode, many neighborhoods have struggled to maintain their retail strips and to provide less mobile, modest-income residents with access to essential goods and services. A declining retail strip can have a deleterious psychological impact on neighborhood confidence and future investment, and can do damage to a neighborhood's sense of community.

Unfortunately, comparative and historical neighborhood level data on retail activity in Chicago is generally not available at the most appropriate geographic levels. Retail areas can be quite small, as small as a few blocks. Among the only readily available retail-related data kept over time and covering all parts of Chicago are data on retail jobs as reported to the state employment security department, and U.S. Census survey data on sales and stores. These data are available at the zip code level, but not below. Each zip code in Chicago typically contains a number of retail areas. Zip codes, however, can be used to signal whether the net change in retail activity in the zip code area has been positive or negative.

In Chicago overall, neighborhoods have not done well in terms of maintaining retail business activity. Of the 21 (out of 57 citywide) zip codes serving predominantly low- and moderate-income neighborhoods, 16 saw the number of retail establishments decrease from 1982 to 1987. Nineteen saw a decrease either in retail jobs over the 1980s *or* in retail sales or establishments from 1982 to 1987.

Despite these generally negative patterns, a few low- and moderate-income Chicago zip code areas generally maintained their net retail base over the 1980s, and a couple even saw a significant increase in retail activity. While sound policy approaches must look at why most neighborhoods have lost retail business, some lessons can be learned from looking at areas that have bucked the overall trend.

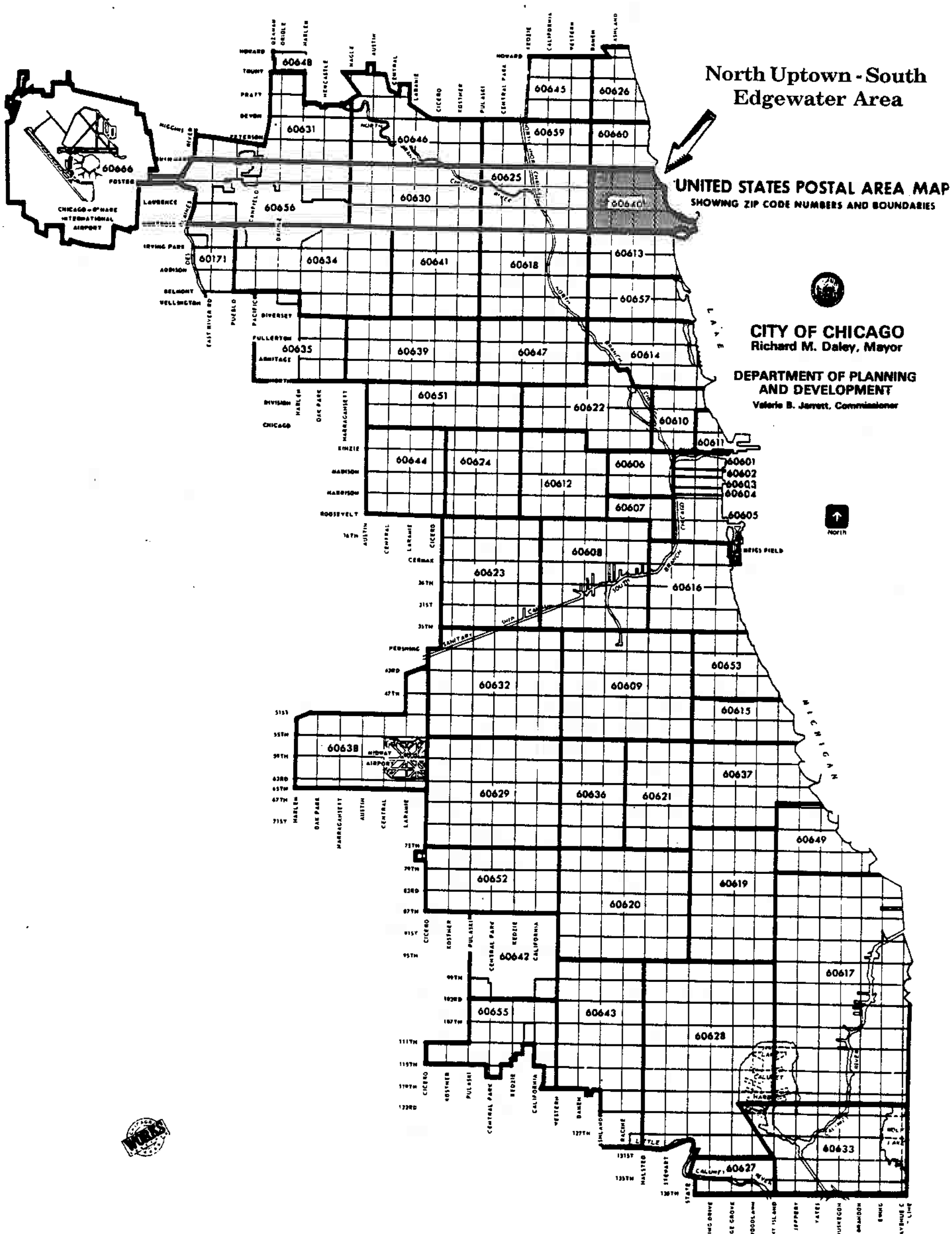
Most "typical" low- and moderate-income Chicago neighborhoods were not able to avoid the trend of weaker retail activity. In fact, it is the neighborhoods that have used their uniqueness to their advantage that did relatively well during the 1980s, areas such as north Uptown and south Edgewater (zip 60640), Lower West Side/Bridgeport (zip 60608), South Lawndale (zip 60623), the greater Albany Park area (zip 60625), and Chatham/Grand Crossing (zip 60619). Some of these neighborhoods have benefitted from new markets created by immigration or from a relatively stable residential base. It is important to add that a neighborhood's uniqueness, in and of itself, is not sufficient to spur retail activity. Many neighborhoods have unique characteristics but have been less successful in capitalizing upon them, especially in the retail arena.

Whether it is a strong ethnic identity, an unusually stable base of middle-income residents, or proximity to gentrified areas where retail rents have risen beyond the means of many establishments, some neighborhoods have capitalized on their competitive advantages to spur retail activity. While the particulars of such success stories may not be replicable in many neighborhoods, the general lessons certainly are.

Retail Gains in the North Uptown/South Edgewater Area

This report focuses on retail areas in one moderate-income Chicago neighborhood, the 60640 zip code area, which consists primarily of three square miles of north Uptown and south Edgewater, running from Montrose Avenue on the south to Bryn Mawr on the north, and from Damen Avenue on the west to Lake Michigan on the east. The area is centered approximately six miles north of the central business district and five miles south of the city's northern border. The map on the following page shows the area relative to the city as a whole.

The 60640 area was chosen because, of all zip codes serving primarily low- and moderate-income Chicago communities, this area saw both a large increase in retail jobs during the 1980s and a significant increase in retail establishments and sales from 1982 to 1987. Only one other zip code area (60608) serving primarily low- and moderate-income communities saw increases across all three of these categories during these time frames. The 60640 area is also relatively small for a zip code area, measuring approximately three square miles, which brings it closer to the appropriate unit of analysis for examining retail patterns.


North Uptown - South Edgewater Area
UNITED STATES POSTAL AREA MAP
SHOWING ZIP CODE NUMBERS AND BOUNDARIES
CITY OF CHICAGO
Richard M. Daley, Mayor
DEPARTMENT OF PLANNING AND DEVELOPMENT
Valerie B. Jarrett, Commissioner
North
60648
60645
60626
60631
60646
60659
60660
60666
60625
60640
60630
60656
60613
60171
60634
60641
60618
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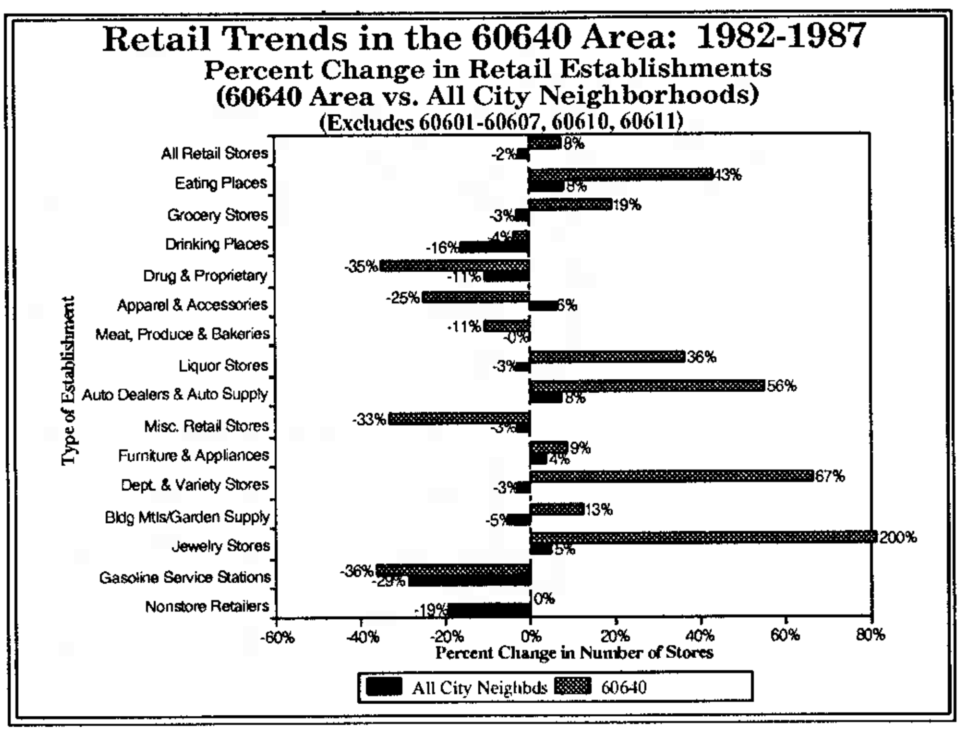
The 60640 area did quite well during the 1980s in terms of retail activity. While the city as a whole saw retail employment grow by 6.7 percent over from 1979 to 1989 -- 1989 was the peak of the late 1980s economic expansion -- the 60640 area saw retail employment climb from 2,721 to 4,998, an increase of 83.7 percent, according to state employment security data.

From 1982 to 1987, Census of Retail Trade data show that the number of stores increased from 286 to 308, a 7.7 percent increase, while total annual retail sales in the area grew by almost $45 million or 23.4 percent, for real sales growth of just over 3 percent, after accounting for inflation. Citywide over this five-year period, the number of stores declined by 1.6 percent and sales increased by 23.5 percent. But in predominantly low- and moderate-income zip codes, sales only increased by 7.3 percent.

Breaking down the census of Retail Trade figures for 1982 and 1987 by type of establishment reveals that certain subsectors of the retail economy account for most of the growth in the area. The figure below illustrates percentage changes in the number of retail establishments in different categories in 60640 and provides the same percentage changes for all city neighborhoods combined. (Loop and Near North Side areas are excluded.) Note that, in particular, the number of restaurants grew at a substantial rate, and, in raw numbers, accounted for most of the increase in establishments. But the number of grocery stores, jewelers, auto-related retailers, department and variety stores, and liquor stores all grew at high rates. In terms of sales growth, restaurants and grocery stores alone saw sales increase an estimated $30 million (in 1987 dollars), for an aggregate 41 percent increase in sales after adjusting for inflation.



The area includes some notable retail strips including the Argyle Street area, with many Asian restaurants, grocers and other shops, and the Andersonville neighborhood along Clark Street, with its eclectic mix of old and new stores. But the area also contains part of the Broadway Avenue section of Edgewater, from Foster to Bryn Mawr, including a newer substantial planned development at Berwyn. Along Lawrence Avenue from Ashland to Damen is a substantial strip with a Sears store at the center. Broadway and Wilson, near Truman College, has a mix of clothing and convenience stores. Clark Street from Montrose to just North of Lawrence Avenue is now home to many Korean-owned imported goods wholesale/retail stores, which attract heavy weekend traffic. Besides these larger areas, the neighborhood is dotted with many small retail strip developments, some of which were developed during the 1980s.

Lessons Learned

Four general lessons can be learned from the 60640 retail experience during the 1980s:

Lesson 1: Income Diversity Supports Existing and New Retail

The wide mix of incomes in the neighborhood has been supportive of both existing and new retail development. In general, the area around 60640 is an economically diverse neighborhood and saw relatively marginal changes in the distribution of incomes during the 1980s. This diversity, combined with the area's ability to sustain its high population density over the decade, has been key to maintaining a strong retail base in the neighborhood.

The diversity of incomes has provided the 60640 area with the means to support older, conventional retail that serves the area's traditional, modest-income households, as well as a blend of newer stores that capture the diverse tastes of both older and newer residents. Unlike neighborhoods that have seen large net losses of moderate- and middle-income residents, the area has continued to support a variety of stores, many of which complement each other.

Moderate-income households, in particular, are crucial to sustaining retail. Upper-income households are likely to shop near downtown or at malls, and may even travel substantial distances for convenience goods like groceries. Massive and rapid gentrification of a neighborhood in which low- and moderate-income residents are displaced, and disposable income of remaining residents is reduced by escalating housing costs, may actually harm retail prospects, at least in the short run. This may help to explain trends in the 60613 zip code area serving south Uptown and north Lakeview, where retail employment grew much more slowly over the 1980s than in 60640 and the number of retail establishments declined significantly from 1982 to 1987, despite much greater levels of gentrification. Efforts in the 60640 area to maintain economic diversity among residents appear to have benefitted the neighborhood retail climate.

Lesson 2: Racial and Ethnic Change is not Inconsistent with Neighborhood Retail Growth

Both Uptown and Edgewater saw their populations of African-Americans increase by more than 50 percent and their Asian populations increase by more than 30 percent over the 1980s, so that the 60640 area became almost 60 percent minority by 1990. While just one example, the area's experience demonstrates that racial change can be compatible with strong retail economies. As stated in the previous lesson, it is the maintenance of a healthy mix of incomes that appears to be much more important.

Lesson 3: As the Larger Economy Changes, Modest-Income Neighborhoods Must Identify and Utilize their Particular Advantages to Attract Customers from Other Places

Despite the fact that the income mix of residents in the 60640 area has remained fairly diverse, and the area has not suffered from the levels of concentrated poverty that some other lower-income neighborhoods have, the real income of area residents declined overall during the 1980s, just as it did for most low- and moderate-income households in the city. In sustaining and increasing retail activity, the neighborhood has not relied solely upon the purchasing power of its own residents.

In general, modest-income urban neighborhoods benefit from developing distinct images that set them apart from other retail areas. Both Argyle Street and Andersonville have been particularly successful at doing this. This not only directly supports new development, it also draws shoppers, public resources, and marketing attention to the entire area, which benefit existing, more traditional establishments as well.

While some urban neighborhoods must compete directly for suburban-type, large-scale retail, others such as the 60640 area, may be wise in avoiding this strategy. They may be better off by capitalizing on what sets them apart, whether it be variety, culture, or value. Certainly, where clear demand exists for large scale retail development exists, it should be pursued. In many areas, however, smaller scale, more eclectic development may prove more promising than luring large, generic retailers. Such developments may also provide more opportunities for local business ownership and wealth creation.

Lesson 4: Activist Neighborhood Institutions and Cooperative Local Government are Important Ingredients to Neighborhood Retail Development

More community development organizations, nonprofit agencies, and chambers of commerce are located in the 60640 area than in most other similarly sized Chicago neighborhoods. This makes for a busy and active planning and development environment. While often no single organization appears to be principally responsible for the development of a retail strip, a constant vigilance around neighborhood development issues is clearly present in the area. In the last five years alone, at least three interorganizational community planning projects have addressed, in addition to some other issues, the future of retail business in the different parts of the area. Each of these studies involved a broad participation of organizations, businesses, and residents from their respective areas.

Some have suggested that the diffuse nature of the institutional environment in the neighborhood made larger scale planned retail development difficult. Despite this, the area has done relatively well. It appears that the attention to day-to-day issues, such as social services, housing, public safety, and public transportation, has been very supportive of the retail climate.

Certainly, larger-scale planned retail development may have had an impact as well, as evidenced by the Broadway and Berwyn development, but overall it appears to have been the incremental, day-to-day work of attending to the needs of local businesses and residents that was most crucial to retail development in the area.

Activist neighborhood-based organizations have been significant factors in retail development in the 60640 area. While some parts of the area may have benefitted disproportionately from public sector support during the 1980s, the area overall has benefitted from attention to retail business needs. Typically, neighborhood-based organizations have been actively involved in the delivery of public sector support, including infrastructure planning, public safety, general planning, development subsidy, and other activity. These organizations have often spearheaded action in support of retail activity, including the formation of a special service taxing district, security watches, marketing events, a farmers market, and other activity.

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The retail experience of the north Uptown and south Edgewater area over the 1980s suggests that potential exists for the revitalization of the economies of lower-income neighborhoods. The prescription for the development of a neighborhood economy will vary depending on the sector and on the particulars of the neighborhood. But the experience of the 60640 area provides some general lessons that are applicable to many other urban communities.

This report begins with a detailed examination of retail activity in the 60640 area during the 1980s, based on available data on retail jobs, sales, and establishments in the area. After this, the retail areas within the larger 60640 area that are thought to have contributed most to the overall increase in retail activity are identified, together with some discussion as to how and why this growth occurred. Finally, overall lessons from the area are gathered and described.

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Urban Advantages: Sustaining Retail Activity in A Modest-Income Neighborhood

Introduction

A variety of approaches have been used to help identify promising strategies for community and neighborhood development. One method is to simply observe, listen to, and learn from community development practitioners as they talk or write about the projects they have undertaken. Another is to look at specific projects and rigorously examine them for success and failure where they happen, as well as for their replicability in other neighborhoods. A third technique is to examine the recent history of an area that has done relatively well compared to other neighborhoods in some category of activity, such as commercial or residential investment, jobs, or retail activity. Lessons for community development can be learned by gathering available data and then using such data as the starting point for a set of discussions with individuals who have witnessed, worked on, and thought about the types of change being probed.

This report utilizes this third approach for adding to the understanding of development practitioners, researchers, and policy-makers in their search for the most promising approaches to community economic development. The intent is not to identify any magic bullets. Because neighborhood change is so complex, any attempt to identify simple, linear causal relationships should be treated with skepticism. The best attempts to explain neighborhood change typically rely on multiple and cumulative causes, including strong feedback effects. Decreased access to jobs by neighborhood youth, for example, can lead to increased gang and criminal activity. These activities can then discourage the formation and location of new businesses in the neighborhoods that might alleviate the job access problems. In order to identify the best points for policy and community development intervention when addressing such complex problems, interacting factors must be untangled and examined in detail.

A frequent objective of community economic development is the increase or maintenance of investment in retail facilities in modest-income neighborhoods. These investments include not only traditional bricks and mortar improvements, but also investments in equipment, inventory, and, last but not least, people. Retail activity is often seen as important to neighborhoods because of its clear impact on the quality of life for local residents. Affordable, quality food and necessities, the maintenance of safe and active market areas, places for entertainment and relaxation, and the prevention of abandoned and blighted properties on visible avenues are all products of a healthy retail environment. Other benefits include jobs for local residents, including neighborhood youth, and business ownership opportunities that can enable neighborhood residents to capture benefits of local household spending. Retail vitality also impacts the confidence of community residents in the future of their neighborhood.

What Makes for a Vital Retail Area?

When looking at retail investment and activity across Chicago, the variation is enormous. From one block to the next, a neighborhood's retail base can go from vibrant to anemic. Retail businesses often end up in strips or clusters that form critical masses that will attract either nearby or more distant customers.

In neighborhood retail development, low- and moderate-income neighborhoods face a challenge that more affluent neighborhoods typically do not. If a low-mod neighborhood loses its retail base, it cannot easily resurrect alternative development that benefits the residents of the community. And because many residents are less mobile than residents of more affluent neighborhoods, they depend upon local stores and businesses for their day-to-day needs. Finally, as neighborhoods lose their retail base, even more of the income flowing into a neighborhood leaks back out, leaving fewer opportunities for neighborhood residents to benefit from local spending.

While many low- and moderate-income neighborhoods in Chicago have lost substantial portions of their retail base over the last ten to 20 years, some have not. By exploring a neighborhood that appears to have fared well in this area of community economics, we can hope to learn more about how to do better in other neighborhoods. This report provides an in-depth look at the 60640 zip code area for some lessons. Again, the factors at work are many and intertwined, but with some caution, these lessons might be applied to other areas.

Retail and Residential Trends in the 60640 During the 1980s

Neighborhood Retail in the North Uptown/South Edgewater Area

Because consistent, and comparative historical data on retail activity are available by zip code, zip code areas can be used to analyze retail patterns across low- and moderate-income parts of the city.[1] Zip codes in the neighborhoods of Chicago typically cover from three to eight square miles in area, so a zip code typically serves more than one retail market area. Nonetheless, zip code data provide a good first look at retail activity patterns across the city.

From 1979 to 1989, the 60640 zip code area experienced one of the greatest increases in employment by retail establishments of any zip code area in the city. The area also saw significant increases in the number of stores and total sales from 1982 to 1987. The 60640 area is a three square mile area bounded by Bryn Mawr Avenue on the north, Montrose Avenue on the south, Damen Avenue on the west, and Lake Michigan on the east. The area is centered about one-half mile north of the center of the Uptown community area which runs roughly from Irving Park to Foster Avenue. It reaches one-half mile into the Edgewater community area and runs slightly into the Lincoln Square community area on the west (from Ravenswood to Damen). The area lies approximately two miles north of the heavily gentrified Lincoln Park neighborhood, and about four miles south of the northern border of Chicago. (See page iii of the Executive Summary for a map showing the location of the 60640 area.)

In addition to many small clusters of retail establishments, the 60640 area includes several larger, distinct retail areas or strips, including:

- The Argyle Street or "Asian Village" area concentrated between Broadway Avenue and Sheridan Road, where many southeast Asian merchants and restaurants have emerged over the last 15 years.
- Broadway Avenue from Foster to Bryn Mawr, including a planned retail development at Berwyn and Broadway, anchored by a large appliance store.
- Broadway Avenue from Montrose to Lawrence, with retail clustered around the Wilson elevated train station near Truman College, and a large Goldblatts department store near Lawrence.
- Andersonville, Clark Street from Foster to Bryn Mawr, with its eclectic mix of old and new restaurants and shops.
- Clark Street from Montrose Avenue to Lawrence Avenue, with a large number of Korean-owned import/wholesale shops.
- Lawrence Avenue from Damen to Clark, a solid retail area anchored by a profitable, older Sears store.

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[1] A description of the data used for identifying retail trends is contained in the Appendix.

While the city as a whole saw retail employment grow by 6.7 percent from 1979 to 1989 -- 1989 was the peak of the late 1980s economic expansion -- the 60640 area saw retail employment climb from 2,721 to 4,998, an increase of 83.7 percent. In most years, the increase was generally steady.[2] In 1990, employment declined slightly, by 4.4 percent, to 4,779, but this was less than the 6.2 percent citywide decline that year.

From 1982 to 1987, retail census data show that the number of stores increased from 286 to 308, a 7.7 percent increase, while total annual retail sales in the area grew by almost $45 million or 23.4 percent, for real sales growth of over 3 percent, after accounting for inflation.[3]

In comparison to other Chicago neighborhoods, the 60640 area is relatively retail-intensive when measured by either retail employment or by retail sales. The zip code is approximately three square miles in area. With a total of 4,779 retail workers, this means that there were approximately 1,593 retail employees per square mile in 1990. By contrast, city neighborhoods combined, excluding downtown and Near North Side zip code areas (60601 60607 and 60610, 60611), are approximately 223 square miles in area, with 112,806 retail employees in 1990. This means that city neighborhoods average only 506 retail employees per square mile. Figure 1A illustrates the relative retail intensity of the 60640 area as measured by retail jobs in the area.

In terms of retail sales density, the 60640 area also far surpassed all city neighborhoods combined. The area had sales of more than $237 million in 1987, yielding a density of $79.3 million in sales per square mile. All city neighborhoods, excluding downtown and Near North Side zip code areas, totaled $9.69 billion in retail sales in 1987. This comes to $43.5 million in sales per square mile. Figure 1B shows the relative retail intensity of the 60640 area as measured by retail sales in the area.

Another indicator of retail investment and activity is change in building activity. City of Chicago building permits, while generally considered an underestimator of building activity, can be used to indicate trends. Because building activity can occur in spurts, measurements

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[2] The employment data is employment security data (*Where Workers Work*) as compiled in *Focusing In: Indicators of Economic Change in Chicago's Neighborhoods*, Woodstock Institute, 1994. Because the number of retail jobs in 60640 increased an unusually high 31 percent over two years, some of this increase may be due to misallocated jobs, i.e., jobs reported at 60640 that were actually located somewhere else. See *Focusing In* for more information on *Where Workers Work* data. On the other hand, these data are unlikely to capture much of the "informal economy" jobs that are prevalent in the area. If retailers use unpaid relatives or do not report workers to the State, these employees are not captured by the data.

[3] Note the shorter time frame for Economic Census data. The 1992 data are not available until late 1995. The 1987 data misses most of the 1986-1989 peak economic expansion years, during which time much of the retail job growth in the area occurred. But, the breakout of the retail census that follows indicates that growth in many specific retail sectors was actually quite large, even over the five-year period.

Figure 1A. 60640 Retail Jobs Intensity
vs. All City Neighborhoods: 1990
(All City Neighborhoods excludes zip codes 60601-60607, 60610, 60611)

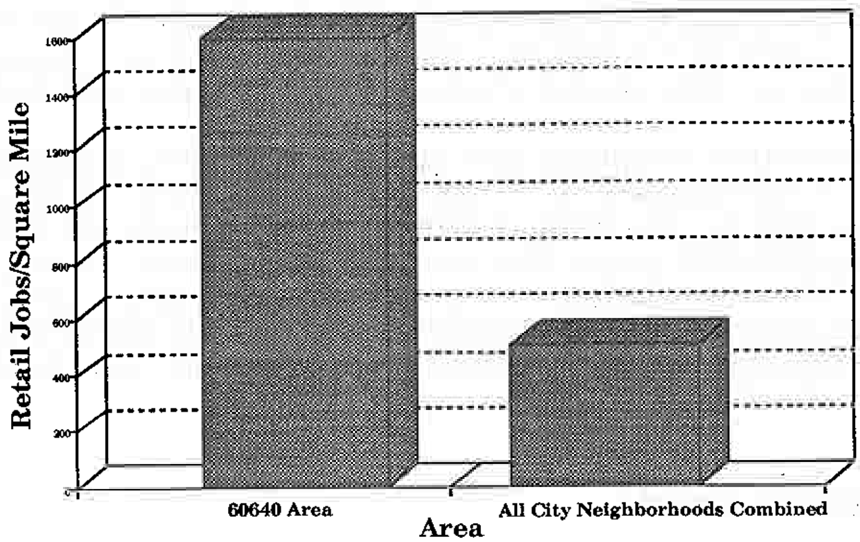
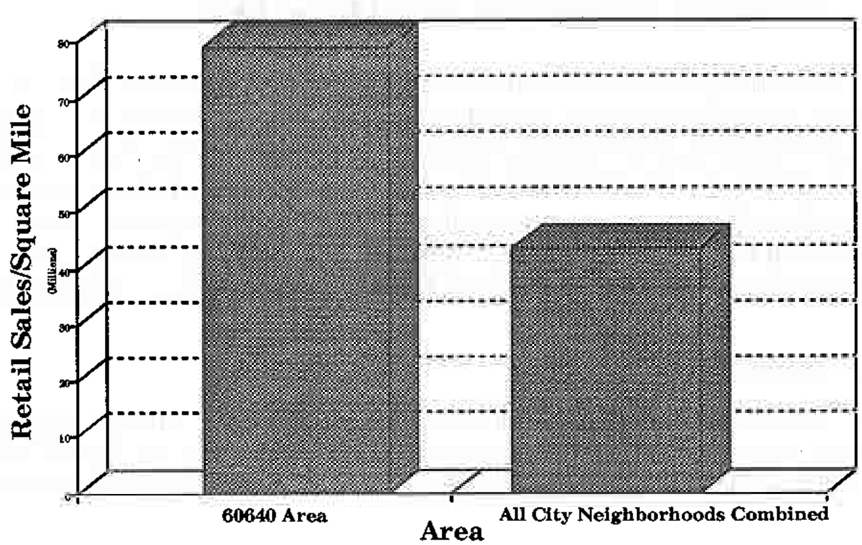


Figure 1B. 60640 Retail Sales Intensity
vs. Other City Neighborhoods: 1990
(All City Neighborhoods excludes zip codes 60601-60607, 60610,60611)



should include more than one-year periods. For example, the number of permits issued for either new construction or repair and improvement of retail buildings from 1979 to 1981 in Uptown can be compared to those issued in the 1989 to 1991 period.[4]

The number of permits for nondemolition activity on retail buildings was approximately the same at the end of the 1980s as at the beginning, dropping only slightly from 106 to 104 permits over the earlier and later three-year periods. Of these permits, the number for repair and improvement increased slightly from 98 to 99, while the number for new construction declined from eight to five. These changes are too small to be considered significant.

The estimated dollar costs of the projects also suggest that the level of investment was roughly the same at the beginning as at the end of the decade. Total estimated nondemolition project costs for retail buildings were $2,027,844 during the 1979-1981 period and $3,088,323 for the 1989-1991 period. After accounting for average annual inflation of 4.8 percent during the 1980s, real spending on retail building construction in Uptown fell by about 4.8 percent over the decade. The building permit data imply that, while the 60640 area saw growth in retail employment, establishments and sales, improvements to retail buildings appears to have lagged somewhat.

Parallel Demographic Trends

Much of the baseline retail intensity of the 60640 zip code area can be attributed to the substantial population density in and around the area. The Uptown community area has a population density more than twice as large as the citywide density, and the Edgewater community area has the greatest population density of any community area in the city, at almost three times the citywide level.

While the 60640 area's density has contributed to its historically high level of retail activity, it does not fully account for the substantial increases in activity during the 1980s. The populations levels of the Uptown and Edgewater community areas have been fairly stable, with a combined increase of less than 2 percent from 1980 to 1990.

While the Uptown community area has seen a 31 percent increase in its share of the city's upper-income households (defined as the top 13 percent of city households), this increase is relatively small in absolute terms (fewer than 700 new upper-income households, amounting to less than 3 percent of Uptown households). The Edgewater community saw essentially no change in its share of the city's upper-income residents. An interesting comparison is the fact that retail employment in 60613, which serves southern Uptown and north Lakeview, grew at a much slower rate than retail employment in 60640 (32 percent versus 83 percent) despite

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[4] While the 60640 area covers parts of Edgewater and misses a small southern part of Uptown, there is a great deal of overlap between the areas. Moreover, commercial building permit activity in Edgewater did not grow over the 1980s, suggesting that the geographical mismatch may not significantly affect the implications of the Uptown building permit data described here.

higher levels of gentrification in Lakeview. In addition, the number of retail establishments in 60613 declined by 10.8 percent from 1982 to 1987.

In general, while there appears to have been some gentrification in the neighborhood, the bulk of neighborhood households in the 60640 area remain low- and moderate-income, with a 1990 median household income of $21,270. The poverty rate in the area was 26.6 percent in 1990, 23 percent higher than the citywide rate of 21.6 percent.

The Uptown and Edgewater communities both experienced significant racial change over the 1980s, with large increases in the numbers of African-Americans and Asians in both neighborhoods, a decrease in whites in both areas, and an increase in Hispanics in Edgewater, as shown below.

Racial Demographic Changes in Uptown and Edgewater 1980-1990

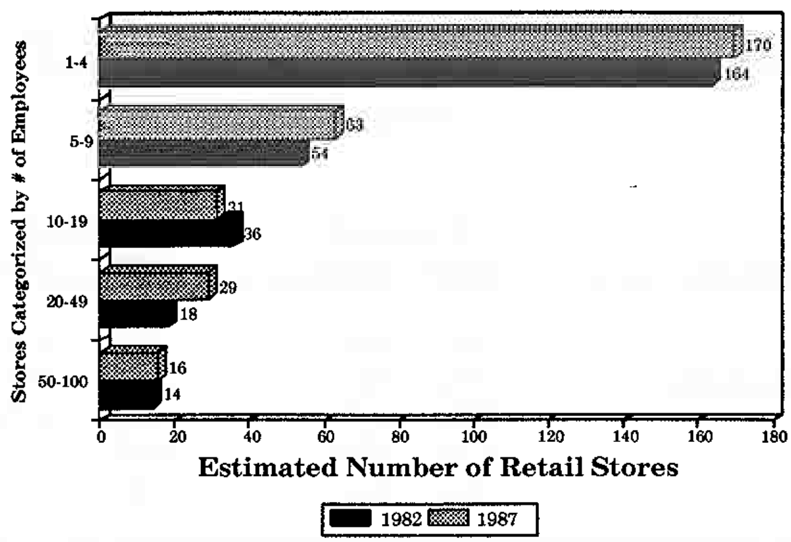
	Uptown		Edgewater	
Race/Ethnicity	1980	1990	1980	1990
Asian	10%	14%	9%	12%
African-American	15%	24%	11%	19%
Hispanic	23%	22%	13%	17%
White	47%	39%	64%	51%
Other	4%	1%	3%	1%

The 60640 area's population in 1990 was 41.3 percent white, 21.7 percent African American, 21.4 percent Hispanic, and 14.6 percent Asian. Of Hispanics, Mexicans were the largest single group at 52 percent, and of Asians, Chinese were the largest ethnic group at approximately 22 percent. Much of this diversity is also reflected in business ownership patterns, with significant numbers of Asian-, Hispanic- and African-American owned establishments.

Changes by Type of Establishment

To break out retail activity in more detail, the best source of regularly available data is the U.S. Census of Retail Trade, which at the time of this publication was available by zip code for 1982 and 1987. The retail census includes information on the number of retail establishments by type of business, and a breakdown of establishments by type and by size (employment and sales volume). With minor assumptions, these data provide estimates of the distribution of establishments across different size categories.[5] Overall, the number of retail establishments in the 60640 area increased by 7.7 percent, from 286 to 308, during the 1982-1987 period. Figure 2 illustrates the changes in the number of firms broken out by size categories:

Figure 2. Retail Trends in the 60640 Area: 1982-1987
Number of Retail Establishments by Size
(Estimates Based on Census of Retail)



As Figure 2 shows, the greatest increase in the estimated number of retailers from 1982 to 1987 occurred in mid-sized establishments (from 20-49 employees), with a 61 percent increase in the number of stores. The number of very small stores (1-4 employees) declined only slightly, and the number of stores with 10-19 employees declined by approximately 14 percent.

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[5] While the number of stores in each category of business is given for every firm, sales and employment information is provided only for a large majority of surveyed firms. In the case of the 60640 area, 265 or 286 (92.7 percent) firms provided this data in 1982, and 258 of 308 (83.8 percent) firms provided full data in 1987.

Figures 3 and 4 on page 10 illustrate changes in the number of establishments and estimated retail sales by type of establishment.[6] The 60640 area saw substantial growth in the number of restaurants; jewelry stores; department and/or variety stores; automobile dealers and/or automotive supply stores; grocery stores; and liquor stores. The area saw substantial declines in the number of gas stations; drug stores, apparel stores, and miscellaneous retail establishments. Figure 4 indicates that, even after controlling for inflation, sales increased in most categories. Figures 5 and 6 on page 11 illustrate changes in the composition, or retail mix, of the area by number of establishments. Table 1 on page 12 provides additional detail on these trends.

Comparing Retail Changes in 60640 to Citywide Changes

In order to identify trends that may be particular to the 60640 area, we can compare 60640 trends to those in other Chicago neighborhoods. To the extent that 60640 trends differ from those of the larger area, we can identify some potential comparative advantages of the neighborhood.

Because the Loop and the Near North Side contain high-density, non-neighborhood retailing areas, we exclude zip codes serving these areas (60601-60607, 60610, and 60611) from our analysis. We then add up the number of establishments in 1982 and 1987 for each establishment category for all other zip codes in the city.

Figure 7 on page 13 shows that, in terms of larger increases (or smaller decreases) in the number of different types of establishments, the 60640 area has done at least as well as all city neighborhoods combined in ten of the 15 lines of business examined. For another two lines of business, the 60640 area change is either very close to the all neighborhoods rate (gasoline stations), or the 60640 raw change is not significant (meat, produce, and bakeries -- a decrease of two establishments).

In three lines of business, the 60640 area lost establishments at a significantly higher rate than all city neighborhoods combined: Drug and Proprietary Stores; Apparel and Accessories; and Miscellaneous Retail Stores (e.g., book stores, sporting goods, camera shops). While Chicago neighborhoods saw a net decline in the number of drug stores during the mid-1980s, the 60640 area rate of decline was more than three times faster. All neighborhoods combined actually saw an increase in apparel and accessory stores, but 60640 saw a 25 percent decline. The area also saw a much higher loss rate for miscellaneous retail. In the case of apparel and miscellaneous retail stores, the 60640 area decline might be partially explained by a decline in real incomes of lower-income households during the 1980s. These stores include those selling more expensive items, and luxury goods, the spending on which may be more susceptible to declining earnings. Neighborhoods with more lower-income households might see spending on these items decrease faster than other items.

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[6] The number of stores by type is an actual number from the retail census. The estimated sales by type is estimated using retail census tables that provide distributions of the number of establishments by annual sales categories for each type of establishment.

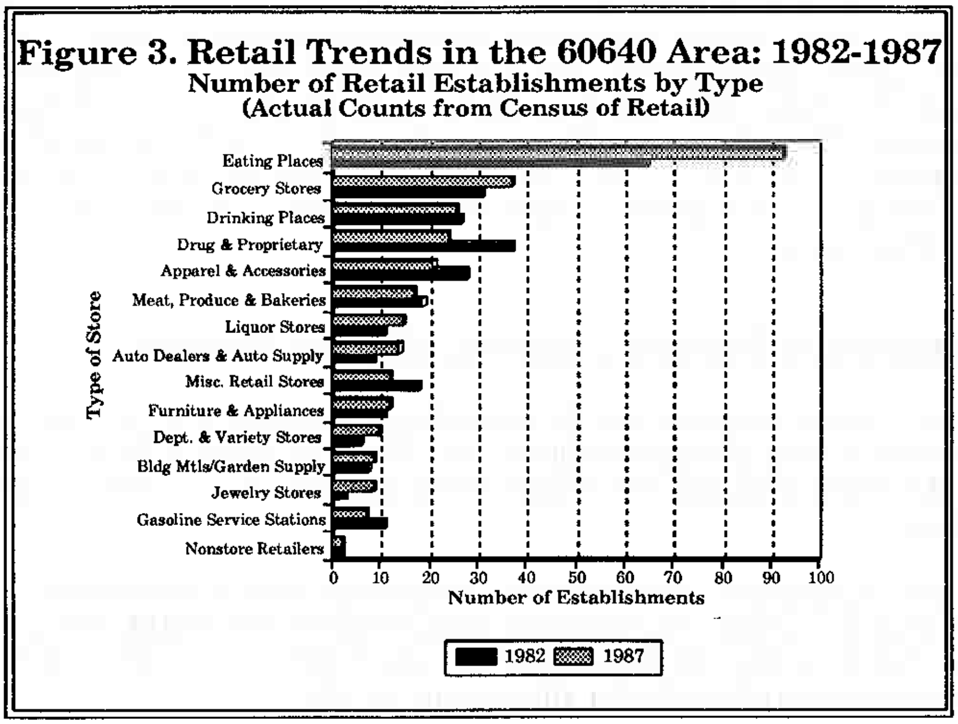


Figure 3. Retail Trends in the 60640 Area: 1982-1987
Number of Retail Establishments by Type
(Actual Counts from Census of Retail)
Eating Places
Grocery Stores
Drinking Places
Drug & Proprietary
Apparel & Accessories
Meat, Produce & Bakeries
Liquor Stores
Auto Dealers & Auto Supply
Misc. Retail Stores
Furniture & Appliances
Dept. & Variety Stores
Bldg Mtls/Garden Supply
Jewelry Stores
Gasoline Service Stations
Nonstore Retailers
Type of Store
0 10 20 30 40 50 60 70 80 90 100
Number of Establishments
1982 1987

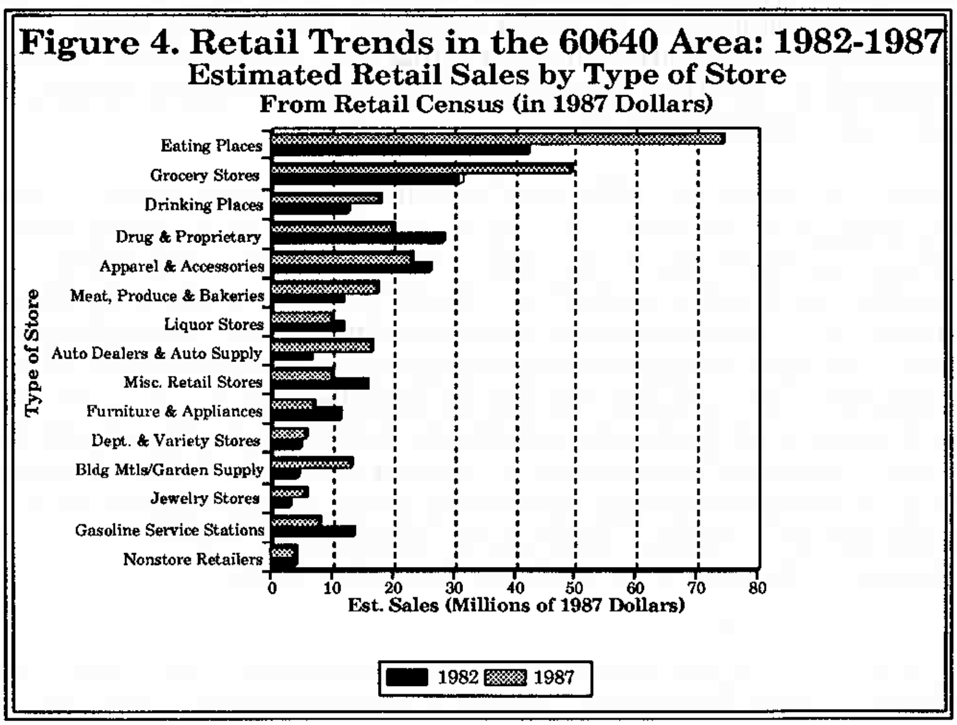


Figure 4. Retail Trends in the 60640 Area: 1982-1987
Estimated Retail Sales by Type of Store
From Retail Census (in 1987 Dollars)
Eating Places
Grocery Stores
Drinking Places
Drug & Proprietary
Apparel & Accessories
Meat, Produce & Bakeries
Liquor Stores
Auto Dealers & Auto Supply
Misc. Retail Stores
Furniture & Appliances
Dept. & Variety Stores
Bldg Mtls/Garden Supply
Jewelry Stores
Gasoline Service Stations
Nonstore Retailers
Type of Store
0 10 20 30 40 50 60 70 80
Est. Sales (Millions of 1987 Dollars)
1982 1987

Figure 5. 1982 - 60640 Area Retail Establishments
Number of Establishments by Type

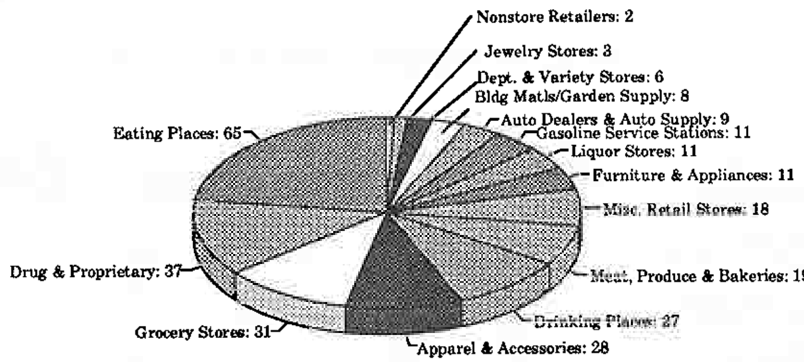


Figure 6. 1987 - 60640 Area Retail Establishments
Number of Establishments by Type

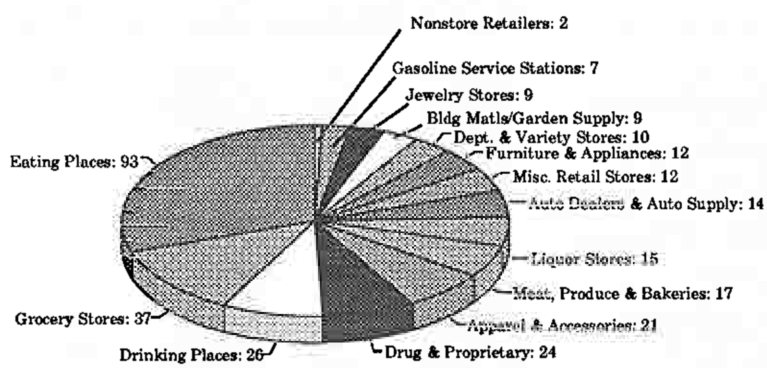


Table 1
Retail Trends in the 60640 Area: 1982 - 1987
Actual Counts and Estimates Based on the Census of Retail Trade

Change in Number of Establishments

Type of Establishment	1987 No. of Estabs. (Actual)	1987 Percent of Total	1982 No. of Estabs. (Actual)	1982 Percent of Total	Increase in Estabs. 1982-1987	Percent Increase in Estabs. 1982-1987
Nonstore Retailers	2	0.6%	2	0.7%	0	0.0%
Gasoline Service Stations	7	2.3%	11	3.8%	-4	-36.4%
Jewelry Stores	9	2.9%	3	1.0%	6	200.0%
Bldg Mtls/Garden Supply	9	2.9%	8	2.8%	1	12.5%
Dept. & Variety Stores	10	3.2%	6	2.1%	4	66.7%
Furniture & Appliances	12	3.9%	11	3.8%	1	9.1%
Misc. Retail Stores	12	3.9%	18	6.3%	-6	-33.3%
Auto Dealers & Auto Suppl	14	4.5%	9	3.1%	5	55.6%
Liquor Stores	15	4.9%	11	3.8%	4	36.4%
Meat, Produce & Bakeries	17	5.5%	19	6.6%	-2	-10.5%
Apparel & Accessories	21	6.8%	28	9.8%	-7	-25.0%
Drug & Proprietary	24	7.8%	37	12.9%	-13	-35.1%
Drinking Places	26	8.4%	27	9.4%	-1	-3.7%
Grocery Stores	37	12.0%	31	10.8%	6	19.4%
Eating Places	93	30.2%	65	22.7%	28	43.1%
All Retail Establishment	**308**	**100.0%**	**286**	**100.0%**	**22**	**7.7%**

Change in Estimated Sales (1987 Dollars)

Type of Establishment	1987 Sales (Est.)	1987 Percent of Total	1982 Sales (Est.) (1982 Dollars)	1982 Percent of Total	1982 Sales (Est.) (1987 Dollars)	% Increase in Sales 1982-1987 (1987 Dollars)
Nonstore Retailers	3,282,946	1.4%	3,300,000	1.7%	3,927,660	-16.4%
Gasoline Service Stations	6,804,651	2.9%	11,440,000	5.9%	13,615,888	-50.0%
Jewelry Stores	4,739,380	2.0%	2,640,000	1.4%	3,142,128	50.8%
Bldg Mtls/Garden Supply	11,024,729	4.6%	3,916,000	2.0%	4,660,823	136.5%
Dept. & Variety Stores	4,637,907	2.0%	4,053,500	2.1%	4,824,476	-3.9%
Furniture & Appliances	5,837,674	2.5%	9,520,500	5.0%	11,331,299	-48.5%
Misc. Retail Stores	8,499,845	3.6%	13,376,000	7.0%	15,920,115	-46.6%
Auto Dealers & Auto Suppl	14,009,225	5.9%	5,566,000	2.9%	6,624,653	111.5%
Liquor Stores	8,320,775	3.5%	9,850,500	5.1%	11,724,065	-29.0%
Meat, Produce & Bakeries	14,552,403	6.1%	10,147,500	5.3%	12,077,555	20.5%
Apparel & Accessories	19,602,171	8.3%	22,231,000	11.6%	26,459,336	-25.9%
Drug & Proprietary	16,892,248	7.1%	23,903,000	12.4%	28,449,351	-40.6%
Drinking Places	15,149,302	6.4%	10,642,500	5.5%	12,666,704	19.6%
Grocery Stores	41,532,248	17.5%	26,246,000	13.6%	31,237,989	33.0%
Eating Places	62,340,155	26.3%	35,486,000	18.5%	42,235,437	47.6%
All Retail Establishment	**237,225,659**	**100.0%**	**192,318,500**	**100.0%**	**228,897,479**	**3.6%**

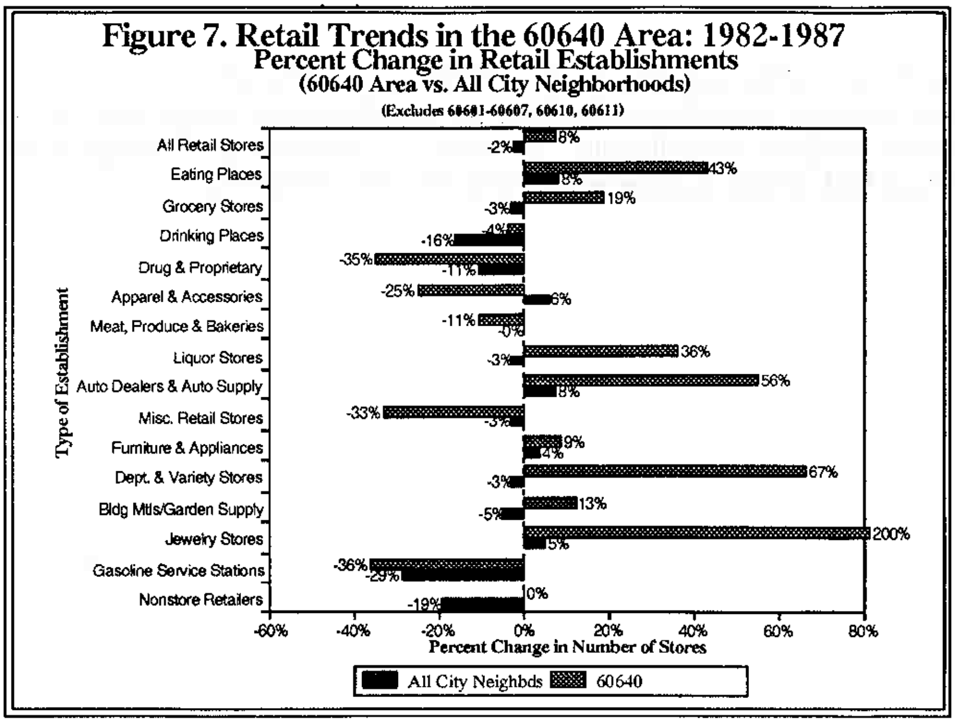


Figure 7. Retail Trends in the 60640 Area: 1982-1987
Percent Change in Retail Establishments
(60640 Area vs. All City Neighborhoods)

In the case of drug stores, some particular problem in the industry may have also hit lower-income communities harder. For example, stores serving more lower-income customers are more susceptible to changes in medicaid reimbursement policies for prescription medicines. The trend of supermarkets combining with drugstore operations may also have had an adverse impact on small, independent drugstores.

Overall, though, the area did well in most lines of business, especially in areas such as eating places, groceries, jewelry stores, auto-related retailers, and department and variety stores. Another line of business in which the neighborhood saw a relatively large increase in establishments is liquor stores. While there will be demand for liquor stores in every neighborhood, some community residents may feel that large increases in the number of liquor stores is a negative trend. The appearance of many liquor stores may have a deleterious affect on a retail area's appearance and attractiveness. It should be noted that, while the increase in liquor stores was significant, it was not large in raw numbers, amounting to only four more establishments. However, this is over a relatively short, five-year period. At this rate, given the size of the neighborhood, the area added one liquor store per square mile more than once every four years. There have been some efforts in recent years to limit the number of liquor stores in the area.

The 60640 area appears to have some clear comparative advantage, at least over the mid-1980s, in eating places, groceries, auto-related retailers, department and variety stores, and jewelry stores. The area saw a decline in drinking places, but at a much slower rate than the city as a whole.

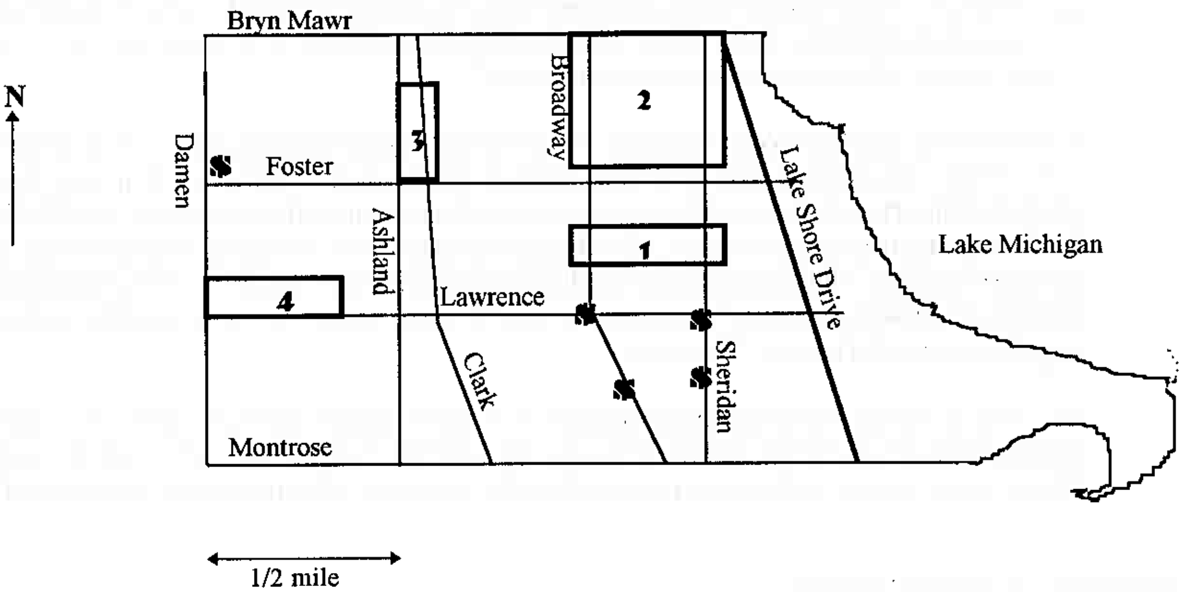
The particular nature of the advantage of the 60640 area in these lines of business may stem from proximity to other neighborhoods, from the neighborhood specializing in certain (e.g., ethnic) products, or from other factors. A better understanding of 60640 retail strengths requires a closer look at the various retail strips within the area.

A Closer Look at Changes Among 60640 Retail Areas

The 60640 area is particularly interesting because it contains a unique mix of retail areas. A common feature of the 60640 area are clusters of retail activity around elevated train (mass transit) stations, including those at Bryn Mawr, Berwyn, Argyle, and Wilson, as well as along the Ravenswood stops at Montrose and Damen. The Bryn Mawr el stop area, near Broadway Avenue is a good example, with a mix of retailers, including restaurants, jewelers, and variety stores.

The focus here is on those retail areas that are thought to account for the overall gain in retail activity over the 1980s. This is not to say that the other parts of the 60640 area have not sustained activity. It appears, from all accounts, that the 60640 area has done well overall in supporting retail business development. But a few retail areas, in particular, can be pointed to as accounting for most of the strength of retail in the area. These areas are described below and their locations are shown in Figure 8.

Figure 8. Primary Retail Areas in the 60640 Zip Code



Key

1 - Argyle Street

2 - Southeast Edgewater

3 - Andersonville

4 - Lawrence/Ravenswood Area

$ - Smaller Areas Developed During 1980s

Argyle Street

The area around Argyle Street (5000 N) from Broadway to Sheridan Road, is home to food stores, restaurants, and small shops, many of which are owned and operated by Cambodian, Chinese, Vietnamese, and Thai merchants. During the 1980s, the Argyle Street area became a recognized hub of Asian retail and service businesses, especially restaurants, grocers, and gift shops.

Located in the northern part of Uptown, the area had become physically deteriorated during the 1960s and 1970s. In the mid-1970s, the federal government purchased a small Chinese retail area near Clark and Van Buren Streets in the South Loop part of downtown Chicago. The proceeds of this sale were then used by the local merchants group to purchase storefronts along Argyle Street. For a number of years, this relocation "did not really flourish."[7]

In the meantime, after the fall of South Vietnam in 1975, many southeast Asian refugees began moving into the Uptown area, partly due to the number of social service agencies located in the area that assisted their immigration and settlement. In the late 1970s, only a couple of southeast Asian stores were located on the strip. As recently as the early 1980s, the vacancy rate on the strip was roughly 50 percent.[8] Around 1981, the number of Asian stores had grown to about five. From 1982 to about 1984, another 15 or so stores were added. But the greatest period of growth occurred after this with growth peaking between 1986 and 1990. A 1993 street count of stores found nearly 120 visibly Asian-oriented businesses on or adjacent to Argyle Street, many of them retail establishments.[9]

Early on, the area catered primarily to the newer Asian immigrants in the immediate community. But gradually, and especially as the area grew to be quite large, the area attracted Southeast Asians from the metropolitan area and throughout the Midwest. The restaurants, in particular, also began to draw non-Asian customers from other parts of Chicago. The area is also said to have benefitted indirectly from the embargo against Vietnam, because Vietnamese would come to the area to purchase goods to ship back to relatives in Vietnam.

One particular facet of the development of Argyle Street has been the importance of community networks in supporting the emergence and growth of small businesses. These networks have been supported by the presence of human service institutions

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[7] Philip Nyden, Larry Bennet, and Joanne Adams, "Diversity and Opportunity in a Local Economy: Community Business in Edgewater and Uptown," Loyola University, July, 1993.

[8] Interview with Tam V. Nguyen, Vietnamese Association of Illinois, October 25, 1994.

[9] Mark Pfeifer, "A Tale of Two 'Little Saigons': Southeast Asian Economic Development in Chicago and Philadelphia," *Middle States Geographer*, Volume 26, 1993.

such as Travelers and Immigrants Aid, the Chinese Mutual Aid Association, the Vietnamese Association of Illinois, and others. The Vietnamese Association has explicitly developed programs to support business development. Research conducted in the late 1980s suggests that approximately one-fifth of Vietnamese merchants in the Argyle Street area had been assisted by the Association by that time.[10] But it is, perhaps, the overall presence of these neighborhood institutions that have provided a context for the fostering of networks among residents and businessmen.

One manifestation of this networking is the formation of rotating lending clubs within different Asian ethnic groups. Start-up businesses can obtain patient, unsecured financing from these informal sources, which are then sometimes used as additional equity to qualify for bank financing. Many banks are reluctant to lend to retailers with little collateral and small profit margins. But when these other sources are available, the banks are asked to finance a smaller portion of a project, and cashflow concerns are reduced. One survey found that 30 percent of Vietnamese entrepreneurs, most of them in the Argyle Street area, had utilized a lending club.[11]

Southeast Edgewater

The southeast Edgewater retail area, roughly a quarter square mile from Broadway to the Lake and from Foster to Bryn Mawr is itself a conglomeration of small retail centers and clusters. Most prominent perhaps is the Broadway and Berwyn Area, where a planned development anchored by an appliance store was developed during the 1980s. This development was financed in part through the proceeds of tax increment financing, in which anticipated increased tax revenues are earmarked to pay for the debt service on a bond used to cover development costs. While some adjacent commercial development has occurred nearby this project, its impact appears to be confined to the immediate Broadway-Berwyn intersection.

Across Broadway is a smaller development of mixed retail, and south of Berwyn is a Jewel supermarket. A variety of small developments dot Sheridan Road. Korean-Americans constitute the largest ethnic group among merchants in the overall east Edgewater area, accounting for approximately 40 stores as of 1993.[12] The area is served by an active chamber of commerce, as well as a development organization, that, between them, cover both day-to-day marketing and business needs as well as discrete planned development projects.

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[10] David Engstrom and William McCready, *Asian Immigrant Entrepreneurs in Chicago*, Center for Urban Research and Policy Studies, University of Chicago, 1990.

[11] Ibid.

[12] Philip Nyden, Larry Bennet and Joanne Adams, *Diversity and Opportunity in a Local Economy: Community Business in Edgewater and Uptown*, Loyola University, July, 1993.

Broadway Avenue is sometimes perceived as somewhat handicapped in terms of retail activity. Some attribute this to the width of the street, others to the prevalence of curb cuts, or auto repair shops. But some also point to the diversity of retail in the area, and the fact that it has successfully attracted larger retailers, including a large appliance retailer, and furniture stores.

A final characteristic of retail in this area is its proximity to mass transit, or "el," stations that run through the neighborhood. Small convenience, and in some cases, larger shopper's goods stores cluster around these stations, putting them near the path of a good deal of pedestrian traffic.

Andersonville

The Andersonville neighborhood runs along Clark Street from Foster to Bryn Mawr. The name dates back to the fact that, from World War I to after World War II, the area was heavily Swedish. The neighborhood has seen a significant influx of younger and more affluent residents, particularly in the late 1980s and early 1990s. While rents and home prices have certainly increased faster than citywide rates in recent years, there are no reports of forced residential displacement in surrounding areas.[13]

The Andersonville retail area is now a diverse strip, with many ethnic restaurants, older stores, newer boutiques, grocers, and other retail. With the advent of new stores, its image changed to one of an eclectic area with good restaurants and interesting stores. Some of these newer stores came from the Lakeview/Lincoln Park area, where rents had escalated substantially during the 1980s. Partly through the work of its chamber of commerce, the area has developed an image as a good place to eat and shop. The chamber has aggressively promoted festivals, as well as local security watches and business networking. The area has developed an image of extraordinary retail diversity in a small area.

During the 1980s, Andersonville had the fortune to have an alderman who also happened to be active in the real estate business in the immediate area. With private capital being combined with attentive public services, the area saw substantial growth in restaurants, gift-related shops, and other establishments, particularly in the later 1980s and the early 1990s.

The area is now known for an unusually high number of women-owned businesses. It is also estimated that an unusually large portion of store owners, as many as 50 percent, live in the neighborhood.[14]

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[13] Philip Nyden, et. al.

[14] Conversation with Lawrence Zydowski, Community Bank of Edgewater, September 30, 1994.

Lawrence and Ravenswood Area

The Lawrence Avenue strip from Ravenswood to Damen is a busy mix of hardware, restaurants, clothing stores, a bank, and other activity. While this area appears to have not grown substantially over the 1980s, it has remained a strong and stable retail area. Notable here is the area's anchor store, Sears, where sales remain robust despite Sears' poorer performance in many other stores in the Chicago area and nationally. The presence of Sears makes this retail area particularly strong in that it serves both the larger-ticket shoppers' goods and convenience needs of area residents.

Other Retail Growth in the 60640 Area

In addition to the growth described above, a close look at the neighborhood reveals a number of scattered retail strip centers and clusters that were developed during the 1980s. These smaller developments typically contain between five and ten stores, and were sometimes developed on previously residential or vacant property. Examples include a rehabilitated mixed-use building at the northeast corner of Broadway and Lawrence, a development at Lawrence and Sheridan with about nine stores, five stores at Wilson and Sheridan, ten stores at Sheridan just north of Montrose, five stores at Wilson and Broadway, and about five stores at Winchester and Foster. These have typically been developed by private developers, with one particular developer accounting for approximately four or five of these projects.

These small retail developments are often leased to at least one or two chain or franchise establishments, such as video stores, dollar stores, fast food franchises, etc. The area has clearly done well in terms of attracting and retaining this type of convenience retail, while having less success with larger, shoppers' goods establishments.

Lessons from the 60640 Area

Lesson 1: Income Diversity Supports Existing and New Retail

The wide mix of incomes in the neighborhood has generally been supportive of both existing and new retail development. In general, the area around 60640 saw relatively marginal changes in the distribution of incomes in the neighborhood. The Uptown community area did see a 31 percent increase in its share of the city's "upper" income households (defined as the top 13 percent of city households). But this amounted to less than 3 percent of Uptown households, and included many households south of Montrose Avenue, the southern boundary of the 60640 area. Edgewater saw essentially no change in its share of Chicago's upper-income households.

Uptown is relatively poorer than the city overall, with 47 percent of households having incomes of less than $17,500 in 1990, while citywide, only 34 percent of households fell into this category. Uptown also has only 9.5 percent of households in the upper-income category ($60,000 or above), compared to the citywide 13.5 percent rate. Edgewater is much closer to the citywide distribution, skewed a bit more to the lower end, with 11.9 percent of households in the upper-income category and 36.5 percent in the lower-income category.

The diversity of incomes provides the 60640 area with the means to support older, conventional retail that serve modest-income households, as well as a blend of newer stores that capture the diverse tastes of local and nearby residents. Unlike neighborhoods that have seen large net losses of moderate- and middle-income residents, the area can continue to support a wide variety of stores, many of which complement each other. Neighborhoods that have lost much of their moderate-income residents have greater difficulty maintaining the larger shoppers' goods stores, such as a Goldblatts or Sears, that allow residents to do some of their shopping locally. As these stores persist, restaurants, hardware stores, and grocers are able to retain their business.

It is the moderate-income households, in particular, that are crucial to sustaining retail. Upper-income households are more likely to shop downtown or at malls, and may even travel substantial distances for convenience goods like groceries. Massive and rapid gentrification of a neighborhood in which low- and moderate-income residents are displaced, and disposable income of remaining residents is reduced by escalating housing costs, may actually harm retail prospects, at least in the short run. Stores serving these populations may face declining revenues while real estate speculation may drive up their rents. This might help to explain trends in the 60613 zip code area serving south Uptown and north Lakeview. During the 1980s, retail employment in 60613 grew much more slowly than in 60640 (32 percent versus 83 percent) despite much greater levels of gentrification in Lakeview, and the number of retail establishments declined by more than 10 percent from 1982 to 1987. Gentrification may result in some new stores, but it may also force others to leave the area or shut down as their customer base dries up.

Eventually, massive gentrification may lead to an overall increase in the number of retail establishments and sales, because overall neighborhood income will be so much greater it will matter less that residents spend a smaller portion of their incomes locally. But these new stores are not likely to be serving the interests of the remaining lower-income residents, so that the benefit of the development will accrue primarily to an entirely new set of more affluent residents.

More modest gentrification, as has occurred in the 60640 area, may be relatively healthy for neighborhood retail. Speculation will be minimal, rents are less likely to escalate beyond the means of older, existing stores, and the variety of establishments will appeal to a broad spectrum of shoppers.

Lesson 2: Racial and Ethnic Change is not Inconsistent with Neighborhood Retail Growth

Both Uptown and Edgewater saw their populations of African-Americans increase by more than 50 percent and those of Asians increase by more than 30 percent over the 1980s, so that the 60640 area became almost 60 percent minority by 1990. While just one example, the area's experience demonstrates that racial change can be compatible with strong retail economies. As stated in the previous lesson, it is the maintenance of a healthy mix of incomes that appears to be much more important.

Lesson 3: As the Larger Economy Changes, Modest-Income Neighborhoods Must Identify and Utilize their Particular Advantages to Attract Customers from Other Places

Despite the fact that the income mix of residents in the 60640 area has remained fairly diverse, and the area has not suffered from the sorts of concentrated poverty that many other neighborhoods have, the real income of most area residents has declined overall. The median family income of the Uptown community declined in the 1980s by approximately 11 percent, after accounting for inflation, while Edgewater's real median family income declined by approximately 6 percent. So, in sustaining retail activity, the neighborhood has not been able to rely solely upon the purchasing power of its own residents.

In general, modest-income urban neighborhoods may need to develop distinct images that set them apart from other retail areas. This will not only directly support the new, unique development, it will draw shoppers, public resources, and marketing attention to the entire area, which will benefit existing, more conventional establishments. As long as change is moderate and rents and taxes increase no faster than sales, this should hold true.

The Argyle Street area has, over the last ten years, developed a city-wide and even regional image as an "Asian Village," where Asians and others come to shop and eat and experience the ethnic atmosphere. Andersonville has developed its own image as well, one of an eclectic mix of old and new stores and good ethnic restaurants.

If urban neighborhoods are to compete for retail customers, they may be wise not simply to mimic suburban areas but to capitalize on what sets them apart, whether it be variety, culture, or value. This suggests that supporting those things that make a neighborhood's retail unique may be as important as supporting conventional shopping centers. Certainly, where clear demand for large scale, conventional retail exists, such developments should be pursued. But in many areas, smaller scale, more eclectic development may prove more promising. Moreover, such development may provide more opportunities for local business ownership and wealth creation.

Lesson 4: Activist Neighborhood Institutions and Cooperative Local Government are Important Ingredients to Neighborhood Retail Development

The 60640 area is home to more community development organizations, nonprofit agencies, and chambers of commerce than most other similarly sized Chicago neighborhoods. This makes for a busy and active planning and development environment. Interviewees referred to the institutional environment as "active" and "diffuse". It is clear that, while some organizations are more active than others, many organizations and individuals have played a role in promoting an environment for increased retail activity. While often no single organization appears to be principally responsible for the development of a retail strip, a sort of constant vigilance is clearly present in the area. In the last five years alone, at least three interorganizational community planning projects have addressed, in addition to some other issues, the future of retail business in the different parts of the area. And each of these studies involved a broad participation of organizations, businesses, and residents from their respective areas.

Some have suggested that the diffuse nature of the institutional environment in the neighborhood has made larger scale planned retail development difficult. Despite this, the area has done relatively well. It appears that the attention to day-to-day issues such as provision of social services, housing, public safety, public transportation, etc., has been supportive of the retail climate. For instance, one interviewee reported that Truman College has, perhaps somewhat unknowingly, played a role in the development of the Argyle Street area as many Asian immigrants developed relationships while taking English and other courses there. The College served as a meeting and gathering place, thereby facilitating networking, a vital ingredient to business formation.

Certainly, larger-scale planned retail development may have had an impact as well, as evidenced by the Broadway and Berwyn development, but overall it appears to have been the incremental, day-to-day work of attending to the needs of local businesses and residents that was more crucial to retail development in the area.

Activist neighborhood-based organizations have been key to retail development in the 60640 area. And while some retail areas in 60640 may have benefitted disproportionately from public sector support during the 1980s, the area overall has benefitted from attention to retail business needs. Typically, neighborhood-based organizations have been actively involved in the delivery of public sector support, including infrastructure planning, public safety, general planning, development subsidy, and other activity. These organizations have often spearheaded action in support of retail activity, including a special service taxing district, security watches, marketing events, a farmers market, and other activity.

In the Argyle Street area, in particular, social service institutions have been particularly important. Some of these organizations have helped provide the context for mutual support networks that can be extremely helpful in business formation. In particular, the area has benefitted from extraordinary access to start-up financing through ethnic financing pools, which can provide the sort of unsecured, patient capital most retailers can only get from relatives, close friends or their own savings, if at all.

The retail experience of the north Uptown and south Edgewater area over the 1980s suggests that potential exists for the revitalization of the economies of lower-income neighborhoods. The prescription for the development of a neighborhood economy will vary depending on the sector targeted and on the characteristics of the particular neighborhood. But the experience of the 60640 area provides some general lessons that are applicable to many other urban communities. The experience of the retail strips in the 60640 area also demonstrates that, despite declining incomes, worsening employment prospects, and generally inattentive public policies facing their residents, modest-income urban communities are places with real economic potential. The barriers may be greater than those faced in more affluent neighborhoods, but these communities offer real commercial development opportunities.

Appendix:
Using Retail Data for Identifying Neighborhood Trends

Unfortunately, data that track retail investment and activity at the neighborhood level are scarce and vary in quality. One of the best sources of generally available data on retail activity is the U.S. Bureau of the Census' of Retail Trade, which is conducted every five years. The most recent retail census available is that conducted in 1987 and published in 1990. Other data exist, including state sales tax data, but they are less reliable. The census includes information on sales, number of stores, and employment, and it is available by zip code. This data captures only a sample of the establishments in the area.

A source that is readily available is employment data. The best source for this at the zip code level is state unemployment insurance record data.[15] Employment can be used as a proxy for retail space, a change which requires added investment.

Another source of data that can be used to track retail investment is building permits. Building permits are tracked by the City and are classified by Chicago Community Area and by building type.[16] Permits also distinguish between projects that are for new construction, those that are for repair and improvements, and those for demolition. Demolition permits are probably not good indicators of investment or disinvestment. Areas with similar levels of disinvestment and resulting abandoned properties may experience substantially different levels of demolitions.

Depending upon the locality, other data may be available. For example, business permits issued by municipal or county governments and recorded in systematic databases can be very helpful. Dun and Bradstreet data, although variable in comprehensiveness and accuracy, can prove helpful, especially for larger establishments. A variety of other private firms provide retail-related data and research services.

The best data on retail trends are those which have been carefully collected for a specific market area, such as data collected in a thorough retail market analysis. Typically, these studies include a thorough inventory of retail establishments, including store size and product line, and the catchment or market area from which the area draws its customers. Because these data are compiled from special surveys, it is difficult to obtain data that is comparable across time or across different neighborhoods.

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[15] There are some problems with utilizing employment security data, especially at the zip code level. Problems include undercounting of satellite facilities and classification by firm industry and not by occupation. See *Focusing In: Indicators of Economic Change in Chicago's Neighborhoods*, Woodstock Institute, 1994, for more details on some of the problems with these data.

[16] Again, see *Focusing In* for a description of City of Chicago building permit data and its limitations.

The Woodstock Institute

The Woodstock Institute is a not-for-profit organization based in Chicago. For the past twenty-two years, the Institute has carried out applied research and developed and implemented programs which increase private sector investment in modest-income and minority communities for the benefit of those who live there. It designs programs which bridge the gap between the needs of communities and the resources of banks, savings and loan associations, foundations and others.

The Institute provides a variety of services to community-based organizations, financial institutions, foundations and government agencies, including applied research, policy analysis, program design and evaluation.

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